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Biden, Federal Officials Highlight Mortgage Settlement Protections for Military *Settlement secured by Attorney General's Office will bring \$45 million in relief for Del. homeowners*

Wilmington – The men and women serving in America's military will gain important new protections under the multistate mortgage foreclosure settlement reached this week, Delaware Attorney General Beau and two federal officials said today. Biden, whose office took the lead in advocating for and negotiating the new military protections in the landmark settlement, was joined on a national media call by Assistant U.S. Attorney for Civil Rights Tom Perez, and Holly Petraeus, Assistant Director for the Consumer Financial Protection Bureau's Office of Servicemember Affairs.

Biden said a key feature of the settlement is language protecting military personnel who have been deployed to a new base, but cannot sell the home located near their former post because they owe more than it is worth. Before the settlement, banks would not consider a servicemember's receipt of orders to move to a new base as a "hardship" that would allow the transferred servicemember to be eligible for any relief programs. The settlement terms now require the settling banks to make such personnel eligible for alternatives to foreclosure, such as loan modifications and short sales.

"This settlement will help servicemembers across the country and serving overseas as we speak," said Biden, who is also a major in the Delaware National Guard and served a tour of duty in Iraq. "We should not require a servicemember who is transferred from one base to another to leave his family behind in order to be eligible for a loan modification. That will no longer be the case."

The settlement also expands the federal Servicemembers Civil Relief Act (SCRA), a set of legal protections for military personnel whose origins date back to the Civil War. Most importantly, career military personnel will benefit from key foreclosure protections that were previously only available primarily to reservists or members of the National Guard. Now, a servicemember stationed in a hostile fire zone and facing foreclosure by one of the settling banks will get the benefit of the SCRA's protections regardless of whether the mortgage loan was taken out before or after the beginning of the homeowner's active duty service.

"I have seen firsthand how the housing crisis has affected men and women in uniform," Biden said. "When we send warriors into battle, they should not have to worry about also fighting a foreclosure on the home front. The SCRA has been very helpful to the reserve components and the members of the National Guard, but there has been a gaping hole for servicemembers who buy a house when they are on active duty. This settlement improves the SCRA significantly."

The Civil Rights Division of the United States Department of Justice was also instrumental in obtaining additional SCRA-related concessions from the banks, including agreements to make a payment of over \$115,000 to any wrongfully foreclosed upon servicemembers.

“We will protect the rights of servicemembers who put their lives on the line to defend our nation,” Perez said. “They have our backs, and we need to have theirs.”

Petraeus, who visited Dover Air Force Base with Biden last month, said, “I have repeatedly heard about the devastating impacts of the housing crisis on military homeowners. I am pleased this settlement addresses their challenges. This settlement ensures that members of the military will not be denied critical consumer protections or face foreclosure when they are deployed to a war zone.”

As it worked to secure the important new protections for military members, Biden’s office also secured an estimated \$45 million in the settlement for Delaware and preserved his office’s ability to continue investigating possible misconduct by national banks that led to the housing crisis. Delaware’s share includes:

- More than \$32 million that banks will provide to current and former homeowners in the form of credits to reduce principal mortgage loans, extinguish second lien mortgage loans and waive deficiencies in short sales, and to provide refinancing to homeowners who are current on their mortgages but are otherwise unable to obtain refinancing because they owe more than their homes are worth.
- Payments of up to \$2000 to individual Delaware homeowners who have been foreclosed upon. Homeowners will be eligible to receive this money without having to release the banks from any liability for wrongful foreclosure.
- \$8.3 million that banks will pay to Biden’s office related to the multistate release of claims, as well as an additional payment of \$2.5 million in exchange for a limited release of penalties against the Banks related to their MERS conduct. This money will be used to fund homeowner assistance programs, educational outreach, support Delaware’s new mortgage mediation program, and fund ongoing and new civil and criminal investigations and cases related to the foreclosure crisis.

Servicemembers and their dependents who believe that their SCRA rights have been violated should contact the nearest Armed Forces Legal Assistance office. They can consult the military legal assistance office locator at <http://legalassistance.law.af.mil> and click on the Legal Services Locator. Additional information about the US Justice Department’s enforcement of the SCRA and the other laws protecting servicemembers is available at www.servicemembers.gov.

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